

# HOUSE RESEARCH

## Bill Summary

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### Overview

This bill updates various provisions of the law related to automobile insurance, specifically the Minnesota No-Fault insurance act. It includes new or clarified definitions, adjusts certain weekly benefit maximums, and further defines certain benefits.

#### Section

- 1 Exclusion prohibited.** Prohibits automobile insurance, personal excess liability, or personal umbrella insurance policies from excluding or limiting liability for damages for an injured person solely because the injured person is a member of the insured's household. The prohibition also applies for any exclusion or limitation based on a blood or marital relationship between the injured and the insured.
- 2 Definition.** Amends the definition of insured to exclude the assignee under an assignment of benefits.
- 3 Benefits.** Expands the definition of medical expense benefits to include reasonable expenses for necessary medically prescribed equipment by a licensed physician. A time limit is also established for the payment of claims. Providers of goods or services must notify the insurer within 30 days of learning the insurer's identity, and in any event not more than 60 days after goods or services were first provided.
- 4 Income loss benefits.** Raises the maximum allowable rates for disability and income loss benefits from \$250 per week to a maximum of \$500 per week.
- 5 Funeral expenses.** Raises the funeral and burial expense maximum from \$2,000 to \$5,000.

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- 6 Replacement services.** Requires replacement service loss benefits to provide payment for all reasonable expenses, rather than reimburse these costs. Limits payment for services conducted by nonhousehold members. Changes definition of covered costs to “all reasonable expenses.”
- 7 Survivors economic loss benefits.** Raises the weekly maximum benefit from \$200 to \$500. Adds an additional definition of dependent, which includes any actual dependent who lives with the decedent at the time of the decedent’s death, regardless of age or disability.
- 8 Priority.** Includes the insurer responsible for payment of basic economic loss benefits for a person who is injured in or by certain vehicles exempt from taxes, fees, or plate display is the injured person’s insurer. These vehicles include vehicles owned or used solely for official business of the federal government, vehicles owned and used solely by educational institutions, vehicles used in drivers education courses at nonpublic high schools, vehicles used by charities, ambulances, and vehicles used in commercial driving schools.
- 9 Contribution.** Clarifies that when two or more obligations for basic economic loss benefits are applicable, the insurer against whom a claim is asserted must process and pay the claim. If applicable, the insurer may later seek contribution from any other insurers who are also responsible on a pro rata basis. Includes a penalty for interest against any insurer who fails to comply.
- 10 Uninsured and underinsured motorists.** Provides that for policies of coverage above the minimum limits provided in this chapter, no recovery of basic economic losses paid or payable shall be permitted under the uninsured an uninsured motorist coverage.
- 11 Mandatory arbitration.** Clarifies claim limits. For purposes of this chapter, the amount of claims to be considered for jurisdictional purposes is the aggregate or consolidated amount of all claims. If that amount is in excess of \$10,000, the claim must be recovered by an action in district court.
- 12 Interest on overdue payments.** Specifies that when an insurer denies benefits, the interest on overdue payment continues to run on all overdue benefits that were subject to the scope of the insurer’s denial, regardless of whether the insured or medical provider continues to provide ongoing proof of the fact and amount of each additional loss incurred.
- 13 Wrongful provider liens.** Creates a penalty for licensed health care providers who makes, files, perfects, or records a wrongful lien against the property of an insured for unpaid medical expenses. The penalty is \$1,000 or actual damages, whichever is greater, and reasonable attorney fees and costs. A wrongful lien is one that is groundless, contains material misstatement or false claim, or attempts to preserve and enforce a legal interest or right in the insured’s property when none is provided by law.
- 14 Health care provider arbitration limits.** Prohibits a health care provider from submitting any medical benefit claims to arbitration as an assignment of benefits assignee.
- 15 Physical examinations or evaluations.** Specifies that medical examinations are limited to physical examinations or evaluations. Expands who can conduct examinations or

**Section**

evaluations from physicians to licensed providers or other providers. Allows the person being inspected to have a nonmedical observer present at any examination under this section. Prohibits examinations or evaluations from being conducted in hotel or motel facilities. For an injured person who has moved from Minnesota, the examination or evaluation may take place in or near the last city of residence in Minnesota at the insurer's expense.

- 16**     **Health claims and appeals.** Specifies that for this section, "insured" does not include an assignment of benefits assignee.
- 17**     **Effective date.** Sections 2 to 16 are effective January 1, 2014, and apply to insurance plans issued or renewed on or after that date.